

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY VALLETTA

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E.O. 11652: N/A

TAGS: EINV, MT

SUBJECT: WESTINGHOUSE CASE

REF: VALLETTA 436

1. AFTER APRIL 28 DISCUSSIONS BETWEEN GOM OFFICIALS MIZZI AND ABELA AND WESTINGHOUSE REPRESENTATIVES MORRISON AND CRAWFORD -- THE TWO PARTIES REMAIN SEPARATED BY ABOUT 350 THOUSAND DOLLARS ACCORDING TO WESTINGHOUSE ATTORNEY CRAWFORD. GOM OFFICIALS EXPRESSED WILLINGNESS TO GO "SLIGHTLY HIGHER" THAN \$500,000 WHILE WESTINGHOUSE INSISTED IT MUST RECOVER AT LEAST \$1 MILLION OF WHAT HAVE BEEN ACTUAL OUT-OF-POCKET EXPENSES SUBSTANTIALLY ABOVE THIS FIGURE. WESTINGHOUSE EXPECTS FURTHER NEGOTIATIONS TO TAKE PLACE AND HAS NOT GIVEN UP HOPE OF SETTLING.

2. GOM OFFICIALS DECLINED TO ARGUE THE LEGALITIES OR MERITS OF THE WESTINGHOUSE CLAIM, CONCEDED IN PRINCIPLE THAT COMPENSATION SHOULD BE PAID. MIZZI AND ABELA SAID THAT GOM WANTED TO REACH A SETTLEMENT BASED SIMPLY ON WHAT WAS POLITICALLY FEASIBLE. WESTINGHOUSE INDICATED ONE MILLION WAS ITS ROCK-BOTTOM FIGURE BUT AT THE CLOSE OF A CONVIVIAL LUNCHEON, MIZZI TRIED TO SQUEEZE OUT SOME FURTHER CONCESSION
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IN ORDER, HE SAID, TO DEMONSTRATE TO HIS PRIME MINISTER THE

GOODWILL OF WESTINGHOUSE AND THE STRENUOUS NEGOTIATING EFFORTS OF MIZZI AND ABELA. THE WESTINGHOUSE REPRESENTATIVES LATER TOYED WITH VARIOUS FORMULATIONS OF EXCHANGE RATES WHICH HAVE PREVAILED OVER THE LIFE OF THE DISPUTE, BUT CONCLUDED THAT MINTOFF WOULD RECOGNIZE THESE AS MERELY GIMMICKS AND NOT GENUINE CONCESSIONS. AT THIS JUNCTURE, THE WESTINGHOUSE OFFER STANDS AT ONE MILLION AND THE COMPANY IS WAITING TO HEAR HOW MUCH ABOVE ONE HALF MILLION GOM IS WILLING TO GO.

3. WESTINGHOUSE ALSO VOICED CONSIDERABLE CONCERN ABOUT COURT COSTS FOR ITS LEGAL STRUGGLE IN MALTA. IN FINDING AGAINST WESTINGHOUSE AND RULING THAT THE DISPUTE MUST BE SUBMITTED TO ARBITRATION, THE COURT STIPULATED THAT WESTINGHOUSE MUST BEAR COURT COSTS. THE WESTINGHOUSE ATTORNEY IN MALTA HAS GIVEN ESTIMATES OF THESE CHARGES OF FROM AS LOW AS \$30,000 TO AS HIGH AS ONE QUARTER MILLION. IT HAS THUS OCCURRED TO WESTINGHOUSE AND THIS CONCERN HAS BEEN EXPRESSED TO MIZZI, THAT A LARGE PART OF WHATEVER SETTLEMENT MALTA PAYS MAY BE RECOVERED BY THE GOM THROUGH COURT-IMPOSED FEES. TO DEAL WITH THIS PROBLEM, CRAWFORD CONTEMPLATES GOING TO MALTA -- PROBABLY IN JULY TO DISCUSS THIS WITH APPROPRIATE COURT AUTHORITIES. MIZZI THOUGHT THIS WOULD BE WORTHWHILE AND SUGGESTED THAT CRAWFORD TIME HIS VISIT TO ENSURE THAT MINTOFF WILL BE THERE. DEPARTMENT WOULD WELCOME ANY EMBASSY COMMENTS ON PROSPECT OF CRAWFORD'S VISIT AND YOUR ASSESSMENT OF WHETHER HIS CONCERN OVER COURT COSTS IS JUSTIFIED. KISSINGER

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